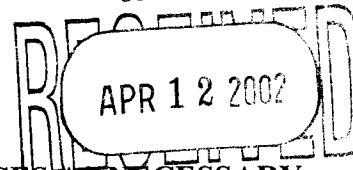


**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ARIZONA CORPORATION  
COMMISSION



**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

Director of Utilities

S

SW-03389A  
SEVEN CANYONS WATER TREATMENT COMPANY  
~~333 N. 44TH ST. SUITE 420~~  
~~PHOENIX AZ 85008~~  
6363 N. Scottsdale Rd. suite 220  
Scottsdale, Az 85250

**ANNUAL REPORT**

**FOR YEAR ENDING**

|    |    |      |
|----|----|------|
| 12 | 31 | 2001 |
|----|----|------|

FOR COMMISSION USE

|       |    |
|-------|----|
| ANN05 | 01 |
|-------|----|

1

PROCESSED BY:

4-15-02 C m

SCANNED

## COMPANY INFORMATION

**Company Name (Business Name)** Seven Canyons Water Treatment Company

**Mailing Address** 6263 N. Scottsdale Rd. suite 220

Scottsdale AZ 85250  
(City) (State) (Zip)

(480) 443-8744 (480) 922-9651 \_\_\_\_\_  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

**Email Address** pinnacle@pinnacledev.net

**Local Office Mailing Address** NONE Established at this time.

\_\_\_\_\_  
(City) (State) (Zip)

Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

## MANAGEMENT INFORMATION

**Management Contact:** Michael P. Grady vice president, secretary  
(Name) (Title)

6263 N. Scottsdale Rd. ste. 220 Scottsdale AZ 85250  
(Street) (City) (State) (Zip)

(480) 443-8744 (480) 922-9651 (602) 738-0790  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

**Email Address** mpgrady@pinnacledev.net

**On Site Manager:** Wendy Ferguson  
(Name)

735 E. Desert Jewel Cottonwood AZ 86326  
(Street) (City) (State) (Zip)

(928) 639-2667 (928) 639-1756 (928) 214-0914 pager  
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

**Email Address** cwo@verdeonline.com

Statutory Agent: Michael P. Grady Vice president / secretary  
 (Name)  
6263 N. Scottsdale Rd Suite 220 Scottsdale AZ 85250  
 (Street) (City) (State) (Zip)  
(480) 443-8744 (480) 922-9651 (602) 738-0790  
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)  
 Attorney: Tim Berg, FENNEMORE CRAIG  
 (Name)  
3003 N. Central Ave, Ste. 2600 Phoenix AZ 85008  
 (Street) (City) (State) (Zip)  
(602)-916-5000 (602) 916-5621  
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |  |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S)    | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                                |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co op (A)                                       |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                                   |
| <input type="checkbox"/> Other (Describe) _____ |  |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |   |                                   |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE            | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM             | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA           | <input type="checkbox"/> MOHAVE   |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA               | <input type="checkbox"/> PINAL    |
| <input type="checkbox"/> SANTA CRUZ | <input checked="" type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA     |
| <input type="checkbox"/> STATEWIDE  |   |                                   |

COMPANY NAME Seven Canyons Water Treatment Company

**UTILITY PLANT IN SERVICE**

| Acct.<br>No. | DESCRIPTION                     | Original<br>Cost<br>(OC)                           | Accumulated<br>Depreciation<br>(AD) | O.C.L.D.<br>(OC less AD) |
|--------------|---------------------------------|--|-------------------------------------|--------------------------|
| 351          | Organization                    | Not in business - In process of<br>being developed |                                     |                          |
| 352          | Franchises                      |  |                                     |                          |
| 353          | Land and Land Rights            |  |                                     |                          |
| 354          | Structures and Improvements     |  |                                     |                          |
| 355          | Power Generation Equipment      |  |                                     |                          |
| 360          | Collection Sewers – Force       |  |                                     |                          |
| 361          | Collection Sewers – Gravity     |  |                                     |                          |
| 362          | Special Collecting Structures   |  |                                     |                          |
| 363          | Services to Customers           |  |                                     |                          |
| 364          | Flow Measuring Devices          |  |                                     |                          |
| 365          | Flow Measuring Installations    |  |                                     |                          |
| 370          | Receiving Wells                 |  |                                     |                          |
| 380          | Treatment and Disposal Equip.   |  |                                     |                          |
| 381          | Plant Sewers                    |  |                                     |                          |
| 382          | Outfall Sewer Lines             |  |                                     |                          |
| 389          | Other Plant and Misc. Equipment |  |                                     |                          |
| 390          | Office Furniture and Equipment  |  |                                     |                          |
| 391          | Transportation Equipment        |  |                                     |                          |
| 393          | Tools, Shop and Garage Equip.   |  |                                     |                          |
| 394          | Laboratory Equipment            |  |                                     |                          |
| 395          | Power Operated Equipment        |  |                                     |                          |
| 398          | Other Tangible Plant            |  |                                     |                          |
|              | <b>TOTALS</b>                   |  |                                     |                          |

This amount goes on the Balance Sheet Acct. No. 108 

**COMPANY NAME** Seven Canyons Water Treatment Company

**CALCULATION OF DEPRECIATION EXPENSE**

| <b>Acct.<br/>No.</b> | <b>DESCRIPTION</b>              | <b>Original<br/>Cost (1)</b> | <b>Depreciation<br/>Percentage<br/>(2)</b> | <b>Depreciation<br/>Expense (1x2)</b> |
|----------------------|---------------------------------|------------------------------|--|---------------------------------------|
| 351                  | Organization                    |                              |  |                                       |
| 352                  | Franchises                      |                              |  |                                       |
| 353                  | Land and Land Rights            |                              |  |                                       |
| 354                  | Structures and Improvements     |                              |  |                                       |
| 355                  | Power Generation Equipment      |                              |  |                                       |
| 360                  | Collection Sewers – Force       |                              |  |                                       |
| 361                  | Collection Sewers – Gravity     |                              |  |                                       |
| 362                  | Special Collecting Structures   |                              |  |                                       |
| 363                  | Services to Customers           |                              |  |                                       |
| 364                  | Flow Measuring Devices          |                              |  |                                       |
| 365                  | Flow Measuring Installations    |                              |  |                                       |
| 370                  | Receiving Wells                 |                              |  |                                       |
| 380                  | Treatment and Disposal Equip.   |                              |  |                                       |
| 381                  | Plant Sewers                    |                              |  |                                       |
| 382                  | Outfall Sewer Lines             |                              |  |                                       |
| 389                  | Other Plant and Misc. Equipment |                              |  |                                       |
| 390                  | Office Furniture and Equipment  |                              |  |                                       |
| 391                  | Transportation Equipment        |                              |  |                                       |
| 393                  | Tools, Shop and Garage Equip.   |                              |  |                                       |
| 394                  | Laboratory Equipment            |                              |  |                                       |
| 395                  | Power Operated Equipment        |                              |  |                                       |
| 398                  | Other Tangible Plant            |                              |  |                                       |
|                      | <b>TOTALS</b>                   |                              |  |                                       |

This amount goes on Comparative Statement of Income and Expense Acct. 403

COMPANY NAME

Seven Canyons Water Treatment Company

**BALANCE SHEET**

| Acct.<br>No. |   | BALANCE AT<br>BEGINNING OF<br>TEST YEAR | BALANCE AT<br>END OF<br>YEAR |
|--------------|---|---|------------------------------|
|              | <b>ASSETS</b>                               |   |                              |
|              | <b>CURRENT AND ACCRUED ASSETS</b>           |   |                              |
| 131          | Cash  | \$ NONE                                 | \$ NONE                      |
| 132          | Special Deposits                            |   |                              |
| 135          | Temporary Cash Investments                  |   |                              |
| 141          | Customer Accounts Receivable                |   |                              |
| 146          | Notes/Receivables from Associated Companies |   |                              |
| 151          | Plant Material and Supplies                 |   |                              |
| 162          | Prepayments                                 |   |                              |
| 174          | Miscellaneous Current and Accrued Assets    |   |                              |
|              | <b>TOTAL CURRENT AND ACCRUED ASSETS</b>     | \$ NONE                                 | \$ NONE                      |
|              | <b>FIXED ASSETS</b>                         |   |                              |
| 101          | Utility Plant in Service                    | \$ NONE                                 | \$ NONE                      |
| 103          | Property Held for Future Use                |   |                              |
| 105          | Construction Work in Progress               |   |                              |
| 108          | Accumulated Depreciation – Utility Plant    |   |                              |
| 121          | Non-Utility Property                        |   |                              |
| 122          | Accumulated Depreciation – Non Utility      |   |                              |
|              | <b>TOTAL FIXED ASSETS</b>                   | \$ NONE                                 | \$ NONE                      |
|              | <b>TOTAL ASSETS</b>                         | \$ NONE                                 | \$ NONE                      |

NOTE: Total Assets on this page should equal **Total Liabilities and Capital** on the following page.

COMPANY NAME Seven Canyons Water Treatment Company

**BALANCE SHEET (CONTINUED)**

| Acct.<br>No. | LIABILITIES                                       | BALANCE AT<br>BEGINNING OF<br>TEST YEAR | BALANCE AT<br>END OF<br>YEAR |
|--------------|---|---|------------------------------|
|              | <b>CURRENT LIABILITIES</b>                        |   |                              |
| 231          | Accounts Payable                                  | \$ NONE                                 | \$ NONE                      |
| 232          | Notes Payable (Current Portion)                   |   |                              |
| 234          | Notes/Accounts Payable to Associated Companies    |   |                              |
| 235          | Customer Deposits                                 |   |                              |
| 236          | Accrued Taxes                                     |   |                              |
| 237          | Accrued Interest                                  |   |                              |
| 241          | Miscellaneous Current and Accrued Liabilities     |   |                              |
|              | <b>TOTAL CURRENT LIABILITIES</b>                  | \$ NONE                                 | \$ NONE                      |
|              | <b>LONG-TERM DEBT (Over 12 Months)</b>            |   |                              |
| 224          | Long-Term Notes and Bonds                         | \$ NONE                                 | \$ NONE                      |
|              | <b>DEFERRED CREDITS</b>                           |   |                              |
| 252          | Advances in Aid of Construction                   | \$ NONE                                 | \$ NONE                      |
| 253          | Other Deferred Credits                            |   |                              |
| 255          | Accumulated Deferred Investment Tax Credits       |   |                              |
| 271          | Contributions in Aid of Construction              |   |                              |
| 272          | Less: Amortization of Contributions               |   |                              |
| 281          | Accumulated Deferred Income Tax                   |   |                              |
|              | <b>TOTAL DEFERRED CREDITS</b>                     | \$ NONE                                 | \$ NONE                      |
|              | <b>TOTAL LIABILITIES</b>                          | \$ NONE                                 | \$ NONE                      |
|              | <b>CAPITAL ACCOUNTS</b>                           |   |                              |
| 201          | Common Stock Issued                               | \$ NONE                                 | \$ NONE                      |
| 211          | Other Paid in Capital                             |   |                              |
| 215          | Retained Earnings                                 |   |                              |
| 218          | Proprietary Capital (Sole Props and Partnerships) |   |                              |
|              | <b>TOTAL CAPITAL</b>                              | \$ NONE                                 | \$ NONE                      |
|              | <b>TOTAL LIABILITIES AND CAPITAL</b>              | \$ NONE                                 | \$ NONE                      |

COMPANY NAME Seven Canyons Water Treatment Company

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

|        | <b>OPERATING REVENUES</b>           | <b>PRIOR YEAR</b> | <b>TEST YEAR</b> |
|--------|-------------------------------------|-------------------|------------------|
| 521    | Flat Rate Revenues                  | \$ NONE           | \$ NONE          |
| 522    | Measured Revenues                   |                   |                  |
| 536    | Other Wastewater Revenues           |                   |                  |
|        | <b>TOTAL REVENUES</b>               | \$ NONE           | \$ NONE          |
|        |                                     |                   |                  |
|        | <b>OPERATING EXPENSES</b>           |                   |                  |
| 701    | Salaries and Wages                  | \$ NONE           | \$ NONE          |
| 710    | Purchased Wastewater Treatment      |                   |                  |
| 711    | Sludge Removal Expense              |                   |                  |
| 715    | Purchased Power                     |                   |                  |
| 716    | Fuel for Power Production           |                   |                  |
| 718    | Chemicals                           |                   |                  |
| 720    | Materials and Supplies              |                   |                  |
| 731    | Contractual Services – Professional |                   |                  |
| 735    | Contractual Services – Testing      |                   |                  |
| 736    | Contractual Services – Other        |                   |                  |
| 740    | Rents                               |                   |                  |
| 750    | Transportation Expense              |                   |                  |
| 755    | Insurance Expense                   |                   |                  |
| 765    | Regulatory Commission Expense       |                   |                  |
| 775    | Miscellaneous Expense               |                   |                  |
| 403    | Depreciation Expense                |                   |                  |
| 408    | Taxes Other Than Income             |                   |                  |
| 408.11 | Property Taxes                      |                   |                  |
| 409    | Income Taxes                        |                   |                  |
|        | <b>TOTAL OPERATING EXPENSES</b>     | \$ NONE           | \$ NONE          |
|        |                                     |                   |                  |
|        | <b>OTHER INCOME/EXPENSE</b>         |                   |                  |
| 419    | Interest and Dividend Income        | \$ NONE           | \$ NONE          |
| 421    | Non-Utility Income                  |                   |                  |
| 426    | Miscellaneous Non-Utility Expenses  |                   |                  |
| 427    | Interest Expense                    |                   |                  |
|        | <b>TOTAL OTHER INCOME/EXP</b>       | \$ NONE           | \$ NONE          |
|        |                                     |                   |                  |
|        | <b>NET INCOME/(LOSS)</b>            | \$ NONE           | \$ NONE          |



**COMPANY NAME** Seven Canyons Water Treatment Company

**SUPPLEMENTAL FINANCIAL DATA**

**Long-Term Debt**

|                        | <b>LOAN #1</b> | <b>LOAN #2</b> | <b>LOAN #3</b> | <b>LOAN #4</b> |
|------------------------|----------------|----------------|----------------|----------------|
| Date Issued            |                |                |                |                |
| Source of Loan         |                |                |                |                |
| ACC Decision No.       |                |                |                |                |
| Reason for Loan        |                |                |                |                |
| Dollar Amount Issued   | \$ NONE        | \$             | \$             | \$             |
| Amount Outstanding     | \$ NONE        | \$             | \$             | \$             |
| Date of Maturity       |                |                |                |                |
| Interest Rate          | %              | %              | %              | %              |
| Current Year Interest  | \$ NONE        | \$             | \$             | \$             |
| Current Year Principle | \$ NONE        | \$             | \$             | \$             |

**COMPANY NAME** Seven Canyons Water Treatment Company

**WASTEWATER COMPANY PLANT DESCRIPTION**

**TREATMENT FACILITY**

|   |  |
|---|--|
| <b>TYPE OF TREATMENT</b><br>(Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.) | No treatment plant has been constructed. |
| <b>DESIGN CAPACITY OF PLANT</b><br>(Gallons Per Day)  |  |

**LIFT STATION FACILITIES**

| Location | Quantity of Pumps | Horsepower Per Pump | Capacity Per Pump (GPM) | Wet Well Capacity (gals) |
|----------|-------------------|---------------------|-------------------------|--------------------------|
| NONE     | NONE              |                     |                         |                          |
|          |                   |                     |                         |                          |
|          |                   |                     |                         |                          |
|          |                   |                     |                         |                          |
|          |                   |                     |                         |                          |
|          |                   |                     |                         |                          |

**FORCE MAINS**

| Size   | Material | Length (Feet) |
|--------|----------|---------------|
| 4-inch | NONE     | NONE          |
| 6-inch |          |               |
|        |          |               |
|        |          |               |

**MANHOLES**

| Type     | Quantity |
|----------|----------|
| Standard | NONE     |
| Drop     |          |
|          |          |

**CLEANOUTS**

| Quantity |
|----------|
| NONE     |
|          |
|          |

COMPANY NAME

Seven Canyons Water Treatment Company

**WASTEWATER COMPANY PLANT DESCRIPTION CONTINUED****COLLECTION MAINS**

| Size<br>(in inches) | Material | Length<br>(in feet) |
|---------------------|----------|---------------------|
| 4                   | NONE     |                     |
| 6                   |          |                     |
| 8                   |          |                     |
| 10                  |          |                     |
| 12                  |          |                     |
| 15                  |          |                     |
| 18                  |          |                     |
| 21                  |          |                     |
| 24                  |          |                     |
| 30                  |          |                     |
|                     |          |                     |

**SERVICES**

| Size<br>(in inches) | Material | Quantity |
|---------------------|----------|----------|
| 4                   | NONE     |          |
| 6                   |          |          |
| 8                   |          |          |
| 12                  |          |          |
| 15                  |          |          |
|                     |          |          |
|                     |          |          |
|                     |          |          |
|                     |          |          |
|                     |          |          |
|                     |          |          |

**FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY**

|   |      |
|---|------|
| <b>SOLIDS PROCESSING AND HANDLING FACILITIES</b>  | NONE |
| <b>DISINFECTION EQUIPMENT</b> (Chlorinator, Ultra-Violet, Etc.)                         | NONE |
| <b>FILTRATION EQUIPMENT</b><br>(Rapid Sand, Slow Sand, Activated Carbon, Etc.)          | NONE |
| <b>STRUCTURES</b><br>(Buildings, Fences, Etc.)  | NONE |
| <b>OTHER</b><br>(Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.) | NONE |

COMPANY NAME Seven Canyons Water Treatment Company

**WASTEWATER FLOWS**

| MONTH/YEAR<br>(Most Recent 12 Months) | NUMBER OF<br>SERVICES | TOTAL MONTHLY<br>SEWAGE FLOW | SEWAGE FLOW ON<br>PEAK DAY |
|---------------------------------------|-----------------------|------------------------------|----------------------------|
|                                       | NONE                  |                              |                            |
|                                       |                       |                              |                            |
|                                       |                       |                              |                            |
|                                       |                       |                              |                            |
|                                       |                       |                              |                            |
|                                       |                       |                              |                            |
|                                       |                       |                              |                            |
|                                       |                       |                              |                            |
|                                       |                       |                              |                            |
|                                       |                       |                              |                            |
|                                       |                       |                              |                            |
|                                       |                       |                              |                            |
|                                       |                       |                              |                            |

**PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE**

|   |  |
|---|--|
| <b>Method Of Effluent Disposal</b><br>(leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.) |  |
| <b>Wastewater Inventory Number</b><br>(all wastewater systems are assigned an inventory number)   |  |
| <b>Groundwater Permit Number</b>  |  |
| <b>ADEQ Aquifer Protection Permit Number</b>  |  |
| <b>ADEQ Reuse Permit Number</b>   |  |
| <b>EPA NPDES Permit Number</b>  |  |

## STATISTICAL INFORMATION

Total number of customers NONE

Total number of gallons treated NONE gallons

COMPANY NAME Seven Canyons Water Treatment Co. YEAR ENDING 12/31/2001

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported NONE  
Estimated or Actual Federal Tax Liability NONE

State Taxable Income Reported NONE  
Estimated or Actual State Tax Liability NONE

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances NONE  
Amount of Gross-Up Tax Collected NONE  
Total Grossed-Up Contributions/Advances NONE

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
\_\_\_\_\_  
SIGNATURE

April 11, 2002  
\_\_\_\_\_  
DATE

Michael F. GRADY  
\_\_\_\_\_  
PRINTED NAME

Vice President  
\_\_\_\_\_  
TITLE

COMPANY NAME Seven Canyons Water Treatment Co. YEAR ENDING 12/31/2001

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2001 was: \$ NONE

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

Seven Canyons Water Treatment Company is not  
billed for property taxes.

**VERIFICATION  
AND  
SWORN STATEMENT**  
Intrastate Revenues Only

ARIZONA CORPORATION  
COMMISSION

**RECEIVED**  
APR 12 2002

**VERIFICATION**

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

|  |                       |
|--|-----------------------|
| COUNTY OF (COUNTY NAME)<br><u>Maricopa</u>   | Director of Utilities |
| NAME (OWNER OR OFFICIAL) TITLE<br><u>Michael P Grady, Vice President / Secretary</u> |                       |
| COMPANY NAME<br><u>Seven Canyons Water Treatment Company</u>                         |                       |

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

FOR THE YEAR ENDING

|                    |                  |                     |
|--------------------|------------------|---------------------|
| MONTH<br><u>12</u> | DAY<br><u>31</u> | YEAR<br><u>2001</u> |
|--------------------|------------------|---------------------|

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

s NONE

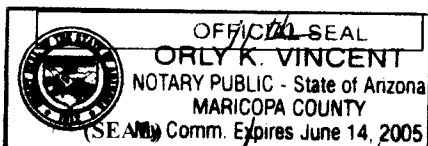
(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ NONE  
IN SALES TAXES BILLED, OR COLLECTED

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



DAY OF

|                                |                     |
|--------------------------------|---------------------|
| COUNTY NAME<br><u>Maricopa</u> |                     |
| MONTH<br><u>April</u>          | YEAR<br><u>2002</u> |

SIGNATURE OF OWNER OR OFFICIAL

(480) 443 - 8744

TELEPHONE NUMBER

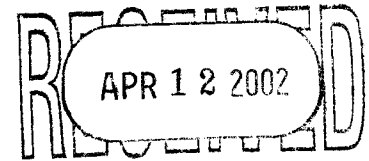
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES June 14, 2005



**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

ARIZONA CORPORATION  
COMMISSION



**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

|  |  |
|--|--|
| (COUNTY NAME) <u>Maricopa</u>                                |  |
| NAME (OWNER OR OFFICIAL)<br><u>Michael P. Grady</u>          | TITLE<br><u>Vice President / Secretary</u> |
| COMPANY NAME<br><u>Seven Canyons Water Treatment Company</u> |  |

|                    |                  |                     |
|--------------------|------------------|---------------------|
| MONTH<br><u>12</u> | DAY<br><u>31</u> | YEAR<br><u>2001</u> |
|--------------------|------------------|---------------------|

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:

|   |
|---|
| ARIZONA INTRASTATE GROSS OPERATING REVENUES<br><br>\$ <u>NONE</u> |
|---|

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ NONE  
IN SALES TAXES BILLED, OR COLLECTED

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

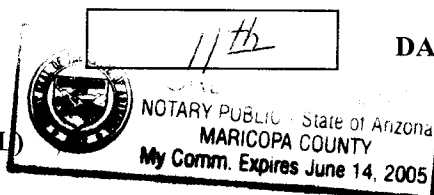
X   
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 11th DAY OF

(SEAL)



MY COMMISSION EXPIRES

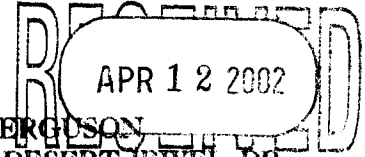
June 14, 2005

|   |              |
|---|--------------|
| NOTARY PUBLIC NAME<br><u>ORLY K VINCENT</u> |              |
| COUNTY NAME<br><u>Maricopa</u>              |              |
| MONTH<br><u>April</u>                       | <u>20 02</u> |

X   
SIGNATURE OF NOTARY PUBLIC

CONTRACT  
WASTEWATER  
OPERATIONS, LLC

ARIZONA CORPORATION  
COMMISSION



W.J. FERGUSON  
735 E. DESERT JEWEL DR.  
COTTONWOOD, ARIZONA  
86326-0747

April 8, 2002

Arizona Corporation Commission  
Compliance Section, Utilities Division  
1200 West Washington Street  
Phoenix, AZ 85007

Subject: Utilities Division Annual Report, Calendar Year Ending December 31, 2001

To Whom It May Concern:

At the current time the Seven Canyons Water Company and Seven Canyons Water Treatment Company are not yet operating. We are still in the construction phase of this project and no assets have been transferred into the name of the Utilities. There is no Approval of Construction from Arizona Department of Environmental Quality or Yavapai County. There has been no revenue generated by either of these utilities.

Sincerely,

Wendy Ferguson  
Seven Canyons  
Water and Wastewater Utilities Director

Cc: Michael Grady  
Tom Delaney  
Dennis Cain